

1-1 By: Estes S.B. No. 1878  
1-2 (In the Senate - Filed April 5, 2013; April 8, 2013, read  
1-3 first time and referred to Committee on Intergovernmental  
1-4 Relations; April 29, 2013, reported favorably by the following  
1-5 vote: Yeas 5, Nays 0; April 29, 2013, sent to printer.)

1-6 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-7				
1-8	X			
1-9	X			
1-10	X			
1-11	X			
1-12	X			

1-13 A BILL TO BE ENTITLED  
1-14 AN ACT

1-15 relating to the creation of Highway 380 Municipal Management  
1-16 District No. 1; providing authority to issue bonds; providing  
1-17 authority to impose assessments, fees, or taxes.

1-18 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-19 SECTION 1. Subtitle C, Title 4, Special District Local Laws  
1-20 Code, is amended by adding Chapter 3920 to read as follows:

1-21 CHAPTER 3920. HIGHWAY 380 MUNICIPAL MANAGEMENT DISTRICT NO. 1

1-22 SUBCHAPTER A. GENERAL PROVISIONS

1-23 Sec. 3920.001. DEFINITIONS. In this chapter:

1-24 (1) "Board" means the district's board of directors.

1-25 (2) "City" means the Town of Little Elm.

1-26 (3) "County" means Denton County.

1-27 (4) "Director" means a board member.

1-28 (5) "District" means the Highway 380 Municipal  
1-29 Management District No. 1.

1-30 Sec. 3920.002. NATURE OF DISTRICT. The Highway 380  
1-31 Municipal Management District No. 1 is a special district created  
1-32 under Section 59, Article XVI, Texas Constitution.

1-33 Sec. 3920.003. PURPOSE; DECLARATION OF INTENT. (a) The  
1-34 creation of the district is essential to accomplish the purposes of  
1-35 Sections 52 and 52-a, Article III, and Section 59, Article XVI,  
1-36 Texas Constitution, and other public purposes stated in this  
1-37 chapter. By creating the district and in authorizing the city, the  
1-38 county, and other political subdivisions to contract with the  
1-39 district, the legislature has established a program to accomplish  
1-40 the public purposes set out in Section 52-a, Article III, Texas  
1-41 Constitution.

1-42 (b) The creation of the district is necessary to promote,  
1-43 develop, encourage, and maintain employment, commerce,  
1-44 transportation, housing, tourism, recreation, the arts,  
1-45 entertainment, economic development, safety, and the public  
1-46 welfare in the district.

1-47 (c) This chapter and the creation of the district may not be  
1-48 interpreted to relieve the city or the county from providing the  
1-49 level of services provided as of the effective date of the Act  
1-50 enacting this chapter to the area in the district. The district is  
1-51 created to supplement and not to supplant city or county services  
1-52 provided in the district.

1-53 Sec. 3920.004. FINDINGS OF BENEFIT AND PUBLIC PURPOSE.

1-54 (a) The district is created to serve a public use and benefit.

1-55 (b) All land and other property included in the district  
1-56 will benefit from the improvements and services to be provided by  
1-57 the district under powers conferred by Sections 52 and 52-a,  
1-58 Article III, and Section 59, Article XVI, Texas Constitution, and  
1-59 other powers granted under this chapter.

1-60 (c) The creation of the district is in the public interest  
1-61 and is essential to further the public purposes of:

2-1 (1) developing and diversifying the economy of the  
2-2 state;  
2-3 (2) eliminating unemployment and underemployment; and  
2-4 (3) developing or expanding transportation and  
2-5 commerce.

2-6 (d) The district will:  
2-7 (1) promote the health, safety, and general welfare of  
2-8 residents, employers, potential employees, employees, visitors,  
2-9 and consumers in the district, and of the public;

2-10 (2) provide needed funding for the district to  
2-11 preserve, maintain, and enhance the economic health and vitality of  
2-12 the district territory as a community and business center;

2-13 (3) promote the health, safety, welfare, and enjoyment  
2-14 of the public by providing pedestrian ways and by landscaping and  
2-15 developing certain areas in the district, which are necessary for  
2-16 the restoration, preservation, and enhancement of scenic beauty;  
2-17 and

2-18 (4) provide for water, wastewater, drainage, road, and  
2-19 recreational facilities for the district.

2-20 (e) Pedestrian ways along or across a street, whether at  
2-21 grade or above or below the surface, and street lighting, street  
2-22 landscaping, parking, and street art objects are parts of and  
2-23 necessary components of a street and are considered to be a street  
2-24 or road improvement.

2-25 (f) The district will not act as the agent or  
2-26 instrumentality of any private interest even though the district  
2-27 will benefit many private interests as well as the public.

2-28 Sec. 3920.005. INITIAL DISTRICT TERRITORY. (a) The  
2-29 district is initially composed of the territory described by  
2-30 Section 2 of the Act enacting this chapter.

2-31 (b) The boundaries and field notes contained in Section 2 of  
2-32 the Act enacting this chapter form a closure. A mistake in the  
2-33 field notes or in copying the field notes in the legislative process  
2-34 does not affect the district's:

2-35 (1) organization, existence, or validity;

2-36 (2) right to issue any type of bonds for the purposes  
2-37 for which the district is created or to pay the principal of and  
2-38 interest on the bonds;

2-39 (3) right to impose or collect an assessment or tax; or

2-40 (4) legality or operation.

2-41 Sec. 3920.006. ELIGIBILITY FOR INCLUSION IN SPECIAL ZONES.  
2-42 All or any part of the area of the district is eligible to be  
2-43 included in:

2-44 (1) a tax increment reinvestment zone created under  
2-45 Chapter 311, Tax Code;

2-46 (2) a tax abatement reinvestment zone created under  
2-47 Chapter 312, Tax Code;

2-48 (3) an enterprise zone created under Chapter 2303,  
2-49 Government Code; or

2-50 (4) an industrial district created under Chapter 42,  
2-51 Local Government Code.

2-52 Sec. 3920.007. APPLICABILITY OF MUNICIPAL MANAGEMENT  
2-53 DISTRICTS LAW. Except as otherwise provided by this chapter,  
2-54 Chapter 375, Local Government Code, applies to the district.

2-55 Sec. 3920.008. CONSTRUCTION OF CHAPTER. This chapter shall  
2-56 be liberally construed in conformity with the findings and purposes  
2-57 stated in this chapter.

2-58 SUBCHAPTER B. BOARD OF DIRECTORS

2-59 Sec. 3920.051. GOVERNING BODY; TERMS. The district is  
2-60 governed by a board of five voting directors who serve staggered  
2-61 terms of four years, with two or three directors' terms expiring  
2-62 June 1 of each odd-numbered year.

2-63 Sec. 3920.052. APPOINTMENT OF VOTING DIRECTORS. The Texas  
2-64 Commission on Environmental Quality shall appoint voting directors  
2-65 from persons recommended by the board.

2-66 Sec. 3920.053. NONVOTING DIRECTORS. The board may appoint  
2-67 nonvoting directors to serve at the pleasure of the voting  
2-68 directors.

2-69 Sec. 3920.054. QUORUM. For purposes of determining the

3-1 requirements for a quorum of the board, the following are not  
3-2 counted:

3-3 (1) a board position vacant for any reason, including  
3-4 death, resignation, or disqualification;

3-5 (2) a director who is abstaining from participation in  
3-6 a vote because of a conflict of interest; or

3-7 (3) a nonvoting director.

3-8 Sec. 3920.055. COMPENSATION. A director is entitled to  
3-9 receive fees of office and reimbursement for actual expenses as  
3-10 provided by Section 49.060, Water Code. Sections 375.069 and  
3-11 375.070, Local Government Code, do not apply to the board.

3-12 Sec. 3920.056. INITIAL VOTING DIRECTORS. (a) On or after  
3-13 the effective date of the Act creating this chapter, the owner or  
3-14 owners of a majority of the assessed value of the real property in  
3-15 the district according to the most recent certified tax appraisal  
3-16 roll for the county may submit a petition to the Texas Commission on  
3-17 Environmental Quality requesting that the commission appoint as  
3-18 initial voting directors the five persons named in the petition.  
3-19 The commission shall appoint the five persons named in the petition  
3-20 as initial directors by position.

3-21 (b) Of the initial directors, the terms of directors  
3-22 appointed for positions one through three expire June 1, 2015, and  
3-23 the terms of directors appointed for positions four and five expire  
3-24 June 1, 2017.

3-25 (c) Section 3920.052 does not apply to this section.

3-26 (d) This section expires September 1, 2017.

3-27 SUBCHAPTER C. POWERS AND DUTIES

3-28 Sec. 3920.101. GENERAL POWERS AND DUTIES. The district has  
3-29 the powers and duties necessary to accomplish the purposes for  
3-30 which the district is created.

3-31 Sec. 3920.102. IMPROVEMENT PROJECTS AND SERVICES. The  
3-32 district may provide, design, construct, acquire, improve,  
3-33 relocate, operate, maintain, or finance an improvement project or  
3-34 service using any money available to the district, or contract with  
3-35 a governmental or private entity to provide, design, construct,  
3-36 acquire, improve, relocate, operate, maintain, or finance an  
3-37 improvement project or service authorized under this chapter or  
3-38 Chapter 375, Local Government Code.

3-39 Sec. 3920.103. DEVELOPMENT CORPORATION POWERS. The  
3-40 district, using money available to the district, may exercise the  
3-41 powers given to a development corporation under Chapter 505, Local  
3-42 Government Code, including the power to own, operate, acquire,  
3-43 construct, lease, improve, or maintain a project under that  
3-44 chapter.

3-45 Sec. 3920.104. NONPROFIT CORPORATION. (a) The board by  
3-46 resolution may authorize the creation of a nonprofit corporation to  
3-47 assist and act for the district in implementing a project or  
3-48 providing a service authorized by this chapter.

3-49 (b) The nonprofit corporation:

3-50 (1) has each power of and is considered to be a local  
3-51 government corporation created under Subchapter D, Chapter 431,  
3-52 Transportation Code; and

3-53 (2) may implement any project and provide any service  
3-54 authorized by this chapter.

3-55 (c) The board shall appoint the board of directors of the  
3-56 nonprofit corporation. The board of directors of the nonprofit  
3-57 corporation shall serve in the same manner as the board of directors  
3-58 of a local government corporation created under Subchapter D,  
3-59 Chapter 431, Transportation Code, except that a board member is not  
3-60 required to reside in the district.

3-61 Sec. 3920.105. AGREEMENTS; GRANTS. (a) As provided by  
3-62 Chapter 375, Local Government Code, the district may make an  
3-63 agreement with or accept a gift, grant, or loan from any person.

3-64 (b) The implementation of a project is a governmental  
3-65 function or service for the purposes of Chapter 791, Government  
3-66 Code.

3-67 Sec. 3920.106. LAW ENFORCEMENT SERVICES. To protect the  
3-68 public interest, the district may contract with a qualified party,  
3-69 including the county or the city, to provide law enforcement

4-1 services in the district for a fee.  
 4-2 Sec. 3920.107. MEMBERSHIP IN CHARITABLE ORGANIZATIONS. The  
 4-3 district may join and pay dues to a charitable or nonprofit  
 4-4 organization that performs a service or provides an activity  
 4-5 consistent with the furtherance of a district purpose.  
 4-6 Sec. 3920.108. ECONOMIC DEVELOPMENT. (a) The district may  
 4-7 engage in activities that accomplish the economic development  
 4-8 purposes of the district.  
 4-9 (b) The district may establish and provide for the  
 4-10 administration of one or more programs to promote state or local  
 4-11 economic development and to stimulate business and commercial  
 4-12 activity in the district, including programs to:  
 4-13 (1) make loans and grants of public money; and  
 4-14 (2) provide district personnel and services.  
 4-15 (c) The district may create economic development programs  
 4-16 and exercise the economic development powers provided to  
 4-17 municipalities by:  
 4-18 (1) Chapter 380, Local Government Code; and  
 4-19 (2) Subchapter A, Chapter 1509, Government Code.  
 4-20 Sec. 3920.109. PARKING FACILITIES. (a) The district may  
 4-21 acquire, lease as lessor or lessee, construct, develop, own,  
 4-22 operate, and maintain parking facilities or a system of parking  
 4-23 facilities, including lots, garages, parking terminals, or other  
 4-24 structures or accommodations for parking motor vehicles off the  
 4-25 streets and related appurtenances.  
 4-26 (b) The district's parking facilities serve the public  
 4-27 purposes of the district and are owned, used, and held for a public  
 4-28 purpose even if leased or operated by a private entity for a term of  
 4-29 years.  
 4-30 (c) The district's parking facilities are parts of and  
 4-31 necessary components of a street and are considered to be a street  
 4-32 or road improvement.  
 4-33 (d) The development and operation of the district's parking  
 4-34 facilities may be considered an economic development program.  
 4-35 Sec. 3920.110. ANNEXATION OF LAND. The district may annex  
 4-36 land as provided by Subchapter J, Chapter 49, Water Code.  
 4-37 Sec. 3920.111. NO EMINENT DOMAIN POWER. The district may  
 4-38 not exercise the power of eminent domain.  
 4-39 SUBCHAPTER D. GENERAL FINANCIAL PROVISIONS; ASSESSMENTS  
 4-40 Sec. 3920.151. DISBURSEMENTS AND TRANSFERS OF MONEY. The  
 4-41 board by resolution shall establish the number of directors'  
 4-42 signatures and the procedure required for a disbursement or  
 4-43 transfer of district money.  
 4-44 Sec. 3920.152. MONEY USED FOR IMPROVEMENTS OR SERVICES.  
 4-45 The district may acquire, construct, finance, operate, or maintain  
 4-46 any improvement or service authorized under this chapter or Chapter  
 4-47 375, Local Government Code, using any money available to the  
 4-48 district.  
 4-49 Sec. 3920.153. PETITION REQUIRED FOR FINANCING SERVICES AND  
 4-50 IMPROVEMENTS WITH ASSESSMENTS. (a) The board may not finance a  
 4-51 service or improvement project with assessments under this chapter  
 4-52 unless a written petition requesting that service or improvement  
 4-53 has been filed with the board.  
 4-54 (b) A petition filed under Subsection (a) must be signed by  
 4-55 the owners of a majority of the assessed value of real property in  
 4-56 the district subject to assessment according to the most recent  
 4-57 certified tax appraisal roll for the county.  
 4-58 Sec. 3920.154. ASSESSMENTS; LIENS FOR ASSESSMENTS.  
 4-59 (a) The board by resolution may impose and collect an assessment  
 4-60 for any purpose authorized by this chapter in all or any part of the  
 4-61 district.  
 4-62 (b) An assessment, a reassessment, or an assessment  
 4-63 resulting from an addition to or correction of the assessment roll  
 4-64 by the district, penalties and interest on an assessment or  
 4-65 reassessment, an expense of collection, and reasonable attorney's  
 4-66 fees incurred by the district:  
 4-67 (1) are a first and prior lien against the property  
 4-68 assessed;  
 4-69 (2) are superior to any other lien or claim other than

5-1 a lien or claim for county, school district, or municipal ad valorem  
 5-2 taxes; and  
 5-3 (3) are the personal liability of and a charge against  
 5-4 the owners of the property even if the owners are not named in the  
 5-5 assessment proceedings.  
 5-6 (c) The lien is effective from the date of the board's  
 5-7 resolution imposing the assessment until the date the assessment is  
 5-8 paid. The board may enforce the lien in the same manner that the  
 5-9 board may enforce an ad valorem tax lien against real property.  
 5-10 (d) The board may make a correction to or deletion from the  
 5-11 assessment roll that does not increase the amount of assessment of  
 5-12 any parcel of land without providing notice and holding a hearing in  
 5-13 the manner required for additional assessments.  
 5-14 Sec. 3920.155. RESIDENTIAL PROPERTY NOT EXEMPT. Section  
 5-15 375.161, Local Government Code, does not apply to a tax authorized  
 5-16 or approved by the voters of the district or a required payment for  
 5-17 a service provided by the district, including water and sewer  
 5-18 services.  
 5-19 Sec. 3920.156. TAX AND ASSESSMENT ABATEMENTS. The district  
 5-20 may designate reinvestment zones and may grant abatements of  
 5-21 district taxes or assessments on property in the zones.  
 5-22 SUBCHAPTER E. TAXES AND BONDS  
 5-23 Sec. 3920.201. CONSENT OF CITY REQUIRED. The district may  
 5-24 not impose a tax or issue a bond until the city has consented by  
 5-25 ordinance or resolution to the creation of the district and to the  
 5-26 inclusion of land in the district.  
 5-27 Sec. 3920.202. ELECTIONS REGARDING TAXES AND BONDS.  
 5-28 (a) The district may issue, without an election, bonds, notes, and  
 5-29 other obligations secured by:  
 5-30 (1) revenue other than ad valorem taxes; or  
 5-31 (2) contract payments described by Section 3920.204.  
 5-32 (b) The district must hold an election in the manner  
 5-33 provided by Subchapter L, Chapter 375, Local Government Code, to  
 5-34 obtain voter approval before the district may impose an ad valorem  
 5-35 tax or issue bonds payable from ad valorem taxes.  
 5-36 (c) Section 375.243, Local Government Code, does not apply  
 5-37 to the district.  
 5-38 (d) All or any part of any facilities or improvements that  
 5-39 may be acquired by a district by the issuance of its bonds may be  
 5-40 submitted as a single proposition or as several propositions to be  
 5-41 voted on at the election.  
 5-42 Sec. 3920.203. OPERATION AND MAINTENANCE TAX. (a) If  
 5-43 authorized by a majority of the district voters voting at an  
 5-44 election held in accordance with Section 3920.202, the district may  
 5-45 impose an operation and maintenance tax on taxable property in the  
 5-46 district in accordance with Section 49.107, Water Code, for any  
 5-47 district purpose, including to:  
 5-48 (1) maintain and operate the district;  
 5-49 (2) construct or acquire improvements; or  
 5-50 (3) provide a service.  
 5-51 (b) The board shall determine the tax rate. The rate may not  
 5-52 exceed the rate approved at the election.  
 5-53 (c) Section 49.107(h), Water Code, does not apply to the  
 5-54 district.  
 5-55 Sec. 3920.204. CONTRACT TAXES. (a) In accordance with  
 5-56 Section 49.108, Water Code, the district may impose a tax other than  
 5-57 an operation and maintenance tax and use the revenue derived from  
 5-58 the tax to make payments under a contract after the provisions of  
 5-59 the contract have been approved by a majority of the district voters  
 5-60 voting at an election held for that purpose.  
 5-61 (b) A contract approved by the district voters may contain a  
 5-62 provision stating that the contract may be modified or amended by  
 5-63 the board without further voter approval.  
 5-64 Sec. 3920.205. AUTHORITY TO BORROW MONEY AND TO ISSUE BONDS  
 5-65 AND OTHER OBLIGATIONS. (a) The district may borrow money on terms  
 5-66 determined by the board. Section 375.205, Local Government Code,  
 5-67 does not apply to a loan, line of credit, or other borrowing from a  
 5-68 bank or financial institution secured by revenue other than ad  
 5-69 valorem taxes.

6-1 (b) The district may issue bonds, notes, or other  
6-2 obligations payable wholly or partly from ad valorem taxes,  
6-3 assessments, impact fees, revenue, contract payments, grants, or  
6-4 other district money, or any combination of those sources of money,  
6-5 to pay for any authorized district purpose.

6-6 Sec. 3920.206. TAXES FOR BONDS. At the time the district  
6-7 issues bonds payable wholly or partly from ad valorem taxes, the  
6-8 board shall provide for the annual imposition of a continuing  
6-9 direct annual ad valorem tax, without limit as to rate or amount,  
6-10 for each year that all or part of the bonds are outstanding as  
6-11 required and in the manner provided by Sections 54.601 and 54.602,  
6-12 Water Code.

6-13 SECTION 2. The Highway 380 Municipal Management District  
6-14 No. 1 initially includes all territory contained in the following  
6-15 area:

6-16 TRACT 1

6-17 WHEREAS, The Rudman Partnership is the owner of a tract of  
6-18 land situated in the THOMAS NAVO SURVEY, ABSTRACT NO. 964 and the  
6-19 WILLIAM LUMPKIN LEAGUE AND LABOR SURVEY, ABSTRACT NO. 730, in  
6-20 Denton County, Texas, said tract being a portion of a called 645.238  
6-21 acre tract of land described as File No. F0030.00 and a portion of a  
6-22 called 52.360 acre tract of land described as File No. F0031.00 in a  
6-23 deed to The Rudman Partnership, recorded in Volume 2844, Page 42,  
6-24 Real Property Records, Denton County, Texas, and being more  
6-25 particularly described as follows:

6-26 BEGINNING at a point in the approximate center of Fish Trap  
6-27 Road (a partially dedicated public road) for an interior ell corner  
6-28 of said 645.238 acre tract and the northwest corner of a tract of  
6-29 land described in a deed to CHS Savannah, L.P. recorded in Document  
6-30 No. 2006-40724 of said Real Property Records;

6-31 THENCE South 01 degree 33 minutes 02 seconds West, along the  
6-32 common line of said 645.238 acre tract and CHS Savannah Tract,  
6-33 passing the most southerly southeast corner of said 645.238 acre  
6-34 tract and the northeast corner of said 52.360 acre tract at 3,401.50  
6-35 feet and continuing for a total distance of 3,839.27 feet to a point  
6-36 for corner, said point being in a northerly boundary line of the  
6-37 Town of Little Elm as described in Exhibit A, Tract 3 of Town  
6-38 Ordinance No. 809;

6-39 THENCE North 56 degrees 04 minutes 01 seconds West, along  
6-40 said northerly boundary line, a distance of 2,542.41 feet to a point  
6-41 for corner, said point being in the east boundary line of Lot 1,  
6-42 Block A, Navo Middle School Addition, an addition to Denton County  
6-43 according to the plat thereof recorded in Cabinet W, Page 436 of  
6-44 said Real Property Records;

6-45 THENCE North 01 degree 35 minutes 07 seconds East, along the  
6-46 east line of said addition, a distance of 1,343.95 feet to the  
6-47 northeast corner of said addition;

6-48 THENCE North 88 degrees 08 minutes 38 seconds West, along the  
6-49 north line of said addition, a distance of 1,216.05 feet to the  
6-50 southeast corner of a 1.168 acre right-of-way dedication for Navo  
6-51 Road to Denton County recorded in said Document No. 2006-24266;

6-52 THENCE North 01 degrees 34 minutes 31 seconds East, along the  
6-53 east line of said dedication, a distance of 1,082.41 feet to the  
6-54 northeast corner of said dedication;

6-55 THENCE South 89 degrees 57 minutes 07 seconds West, along the  
6-56 north line of said dedication, a distance of 46.93 feet to a point  
6-57 in the approximate center of Navo Road;

6-58 THENCE North 01 degree 35 minutes 07 seconds East, along the  
6-59 approximate center of said Navo Road, a distance of 34.30 feet to a  
6-60 point in the approximate center of Fish Trap Road and the south line  
6-61 of a tract of land described in a deed to Dallas Lyndhurst, Ltd.  
6-62 recorded in Document No. 97-090639 of said Real Property Records;

6-63 THENCE South 88 degrees 38 minutes 53 seconds East, along the  
6-64 approximate center of said Fish Trap Road and the south line of said  
6-65 Lyndhurst tract, a distance of 1,158.00 feet to the southeast  
6-66 corner of said Lyndhurst tract;

6-67 THENCE North 01 degree 30 minutes 07 seconds East, along the  
6-68 east line of said Lyndhurst tract, a distance of 1,330.60 feet to  
6-69 the northeast corner of said Lyndhurst tract;

7-1           THENCE North 88 degrees 26 minutes 11 seconds West, along the  
7-2 north line of said Lyndhurst tract, a distance of 844.57 feet to the  
7-3 most southerly southeast corner of a called 16.78 acre tract of land  
7-4 described as Tract 11-113 in a deed to the United States of America,  
7-5 recorded in Volume 2822, Page 802 of said Real Property Records;

7-6           THENCE along the east line of said 16.78 acre tract, the  
7-7 following courses and distances:

7-8                 North 57 degrees 27 minutes 26 seconds East, a distance  
7-9 of 117.61 feet to a point for corner;

7-10                North 33 degrees 06 minutes 22 seconds East, a distance  
7-11 of 328.27 feet to a point for corner;

7-12                North 11 degrees 04 minutes 26 seconds East, a distance  
7-13 of 284.12 feet to a point for corner;

7-14                North 15 degrees 07 minutes 37 seconds West, a distance  
7-15 of 328.22 feet to a point for corner;

7-16                North 21 degrees 29 minutes 01 seconds West, a distance  
7-17 of 67.72 feet to a point on the south boundary of a called 239.673  
7-18 acre tract of land described in a deed to Gene McCutchin, recorded  
7-19 in Volume 927, Page 689 of said Real Property Records for the  
7-20 northwest corner of said 16.78 acre tract;

7-21                THENCE South 88 degrees 43 minutes 53 seconds East, along the  
7-22 common boundary between said 645.238 acre tract and said 239.673  
7-23 acre tract, a distance of 3,910.67 feet to a point for corner, said  
7-24 point being approximately 350.00 feet west of the approximate  
7-25 center of Byran Road;

7-26                THENCE over and across said 645.238 acre tract, the following  
7-27 courses and distances:

7-28                 South 01 degree 28 minutes 00 seconds West, a distance  
7-29 of 2,341.34 feet to a point in the approximate center of said Fish  
7-30 Trap Road and the north line of said CHS Savannah Tract;

7-31                THENCE North 88 degrees 38 minutes 53 seconds West, along the  
7-32 north line of said CHS Savannah tract, a distance of 1,013.17 feet  
7-33 to the POINT OF BEGINNING and containing 376.078 acres of land, more  
7-34 or less.

7-35                TRACT 2

7-36                WHEREAS, The Rudman Partnership is the owner of a tract of  
7-37 land situated in the THOMAS NAVO SURVEY, ABSTRACT NO. 964 and the  
7-38 WILLIAM LUMPKIN LEAGUE AND LABOR SURVEY, ABSTRACT NO. 730, in  
7-39 Denton County, Texas, said tract being a portion of a called 645.238  
7-40 acre tract of land described as File No. F0030.00 and a portion of a  
7-41 called 52.360 acre tract of land described as File No. F0031.00 in a  
7-42 deed to The Rudman Partnership, recorded in Volume 2844, Page 42,  
7-43 Real Property Records, Denton County, Texas, and being more  
7-44 particularly described as follows:

7-45                COMMENCING at a point in the approximate center of Fish Trap  
7-46 Road (a partially dedicated public road) for an interior ell corner  
7-47 of said 645.238 acre tract and the northwest corner of a tract of  
7-48 land described in a deed to CHS Savannah, L.P. recorded in Document  
7-49 No. 2006-40724 of said Real Property Records;

7-50                THENCE South 01 degree 33 minutes 02 seconds West, along the  
7-51 common line of said 645.238 acre tract and CHS Savannah Tract,  
7-52 passing the most southerly southeast corner of said 645.238 acre  
7-53 tract and the northeast corner of said 52.360 acre tract at 3,401.50  
7-54 feet and continuing for a total distance of 3,839.27 feet to THE  
7-55 POINT OF BEGINNING, said point being in a northerly boundary line of  
7-56 the Town of Little Elm as described in Exhibit A, Tract 3 of Town  
7-57 Ordinance No. 809;

7-58                THENCE South 01 degree 33 minutes 02 seconds West, continuing  
7-59 along said common line, a distance of 258.19 to a point being on the  
7-60 north right-of-way of U.S. Highway 380 (a variable width  
7-61 right-of-way) for the southeast corner of said 52.360 acre tract;

7-62                THENCE North 87 degrees 42 minutes 53 seconds West, along  
7-63 said north right-of-way and the south line of said 52.360 acre  
7-64 tract, a distance of 3,322.62 feet to a point on the southeast end  
7-65 of a highway right-of-way flare for corner;

7-66                THENCE North 43 degrees 42 minutes 31 seconds West, along  
7-67 said right-of-way flare, a distance of 138.39 feet to a point in the  
7-68 approximate center of Navo Road (a partially dedicated public road)  
7-69 for corner;

